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May 1, 2015

Andy Slavitt, Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health & Human Services  
Room 445-G, Hubert H. Humphrey Building  
200 Independence Avenue SW  
Washington, D.C. 20201

**Subject: Renewal of California’s Five-Year Section 1115 “Medi-Cal 2020” Demonstration Waiver**

Dear Administrator Slavitt:

The California Hospital Association, on behalf of our more than 400 hospital and health system members, is writing to express support for California’s five-year Section 1115 “Medi-Cal 2020” Demonstration Waiver proposal. The “Medi-Cal 2020” waiver proposal presents an opportunity to facilitate continued delivery system transformation in California, support the long-term sustainability of California’s Medicaid program (known as Medi-Cal) and to ensure the ongoing viability of the California’s safety net, particularly for its remaining uninsured.

California’s 2010 Section 1115 “Bridge to Reform” waiver was essential in supporting California’s successful implementation of the ACA coverage expansions. California successfully transitioned approximately 650,000 individuals into the Medi-Cal program through its innovative Low Income Health Program. California has led the nation with its historic coverage expansions. California’s Medicaid program — the largest Medicaid program in the nation — now serves over 12 million individuals, resulting in nearly 1 in 3 Californians depending on Medi-Cal for all of their health care needs.

Under its “Bridge to Reform” waiver California created the first Delivery System Reform Incentive Payments Program (DSRIP) — a pay-for-performance program that has since been replicated in a number of other states. Because of the successes of the “Bridge to Reform” waiver, California is in a position to focus its efforts on other critical components of health care reform such as expanding access, improving quality and outcomes and controlling the cost of care.

Through its “Medi-Cal 2020” waiver renewal proposal, California aims to build on the approaches and successes of its existing waiver, with the goal of expanding and improving the Medi-Cal program through delivery and payment system transformation. Proposals included in the “Medi-Cal 2020” waiver renewal proposal are built around the core objectives of

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strengthening primary care delivery and access; avoiding unnecessary institutionalization and services by building the foundation for an integrated health care delivery system that incentivizes quality and efficiency; addressing social determinants of health; using the Medi-Cal program as an incubator to test innovative approaches to whole-person care; and addressing Medi-Cal workforce challenges. California also proposes to expand delivery system reforms and incentives for the non-designated public hospitals.

The Centers for Medicare & Medicaid Services' (CMS) approval of the "Medi-Cal 2020" waiver is critical as it serves as the primary vehicle for continuing the necessary financing framework for the state's designated public hospitals, including the safety net care pool and DSRIP's successor pay-for-performance program, the Public Safety Net Transformation and Improvement Program. The waiver remains a major source of funding for California's designated public hospitals and health systems, representing about 30 percent of their net Medi-Cal revenue. A renewed waiver that provides continuing levels of federal funding for designated public hospitals is vital in serving California's most vulnerable populations.

CHA strongly supports the approval of California's "Medi-Cal 2020" waiver renewal proposal.

CHA commends the California Department of Health Care Services for its commitment to ensure a more accountable and sustainable Medi-Cal program for California's safety net population, which has the potential to strengthen the state's health care system. If you have any questions, please contact Anne McLeod, Senior Vice President Health Policy and Innovation, at (916) 552-7536 or [amcleod@calhospital.org](mailto:amcleod@calhospital.org).

Sincerely,



C. Duane Dauner  
President/CEO

cc: Diana Dooley, Secretary, California Health and Human Services Agency  
Jennifer Kent, Director, California Department of Health Care Services  
Mari Cantwell, Chief Deputy Director, Health Care Programs, California Department of Health Care Services